

ANALYSIS

This ordinance amends the proprietary petroleum pipeline franchise granted to Power Run Oil, LLC, a California limited liability company ("Franchisee"), by Ordinance No. 85-0101F, as amended, to add two service areas to the franchise located in the Westmont/West Athens and Willowbrook/West Compton unincorporated areas, delete one service area from the franchise located in the Rosewood unincorporated area, and update the terms and conditions of the franchise relating to transfers and assignments, payment of fees, required annual reports, and indemnification, insurance, and bonding. This ordinance is being adopted following the transfer of natural gas pipelines from Union Oil Company of California, Chevron U.S.A. Inc., and Geo Petroleum, Inc., to Franchisee.

OFFICE OF THE COUNTY COUNSEL

By

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06/25/04 (requested)

07/12/04 (revised)

ORDINANCE NO. _____

An ordinance to amend the proprietary petroleum pipeline franchise granted to Power Run Oil, LLC, a California limited liability company ("Franchisee"), by Ordinance No. 85-0101F, as amended, to add two service areas to the franchise, delete one service area from the franchise, and update the terms and conditions of the franchise.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 1 of Ordinance No. 85-0101F, as amended, is hereby amended to read as follows:

Section 1. The right, privilege, and franchise is granted to Power Run Oil, LLC, a California limited liability company ("Franchisee"), and its successors and assigns ~~to lay or construct from time to time and for the period of twenty-five (25) years beginning on July 12, 1985, the effective date of this franchise, to lay, construct, reconstruct,~~ maintain, operate, renew, repair, change the size of, remove, or abandon in place, pipes and pipelines for the collection, transportation, or distribution of ~~oil, petroleum, oil, gas,~~ gasoline, or other liquid hydrocarbon substances, wet gas, industrial gas, chemicals, mud, steam, water, waste water, other liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980," 42 U.S.C. section 9601 et seq., ~~as it may hereafter be amended; the "Federal Water Pollution Control Act," 33 U.S.C. 1251 et seq., as it may hereafter be amended; and the "Solid Waste Disposal Act," 42 U.S.C. 6901 et seq., as it may hereafter be amended~~ and amendments thereto, together

with all manholes, valves, cathodic protection systems, appurtenances, and ~~service~~ connections necessary or ~~convenient~~appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, and other appurtenances and equipment for telegraph or telephone lines or both, necessary or ~~convenient~~appropriate for the Franchisee's ~~business~~operation, in, under, along, or across ~~the following described~~any and all highways as defined in Section 16.36.080 of the Los Angeles County Code now or hereafter dedicated to public use in the following described service area or areas within the unincorporated territory of the County of Los Angeles ("County"), State of California, and depicted on the maps attached hereto as Exhibit "A-" (Maps 1 and 2):

~~Rosewood Unincorporated Area: (Map 1 and 2 of Exhibit "A"):~~

~~All of East Redondo Beach Boulevard, lying between the southerly prolongation of the easterly boundary line of Ball Avenue, and the westerly boundary line of South San Pedro Street, as same streets and highways existed on November 1, 1999.~~

Part A: Westmont/West Athens Area (Map 1 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the northerly boundary line of Imperial Highway with the westerly boundary line of Western Avenue; thence easterly along the northerly boundary line of Imperial Highway to the easterly boundary line of Hoover Street; thence southerly along the easterly boundary line of Hoover Street to the southerly boundary line of El Segundo Boulevard; thence westerly along the southerly boundary line of El Segundo Boulevard to the westerly boundary line of Western Avenue; thence northerly along the

westerly boundary line of Western Avenue to the point of beginning, as same streets and boundaries existed on May 15, 2004.

Part B: Willowbrook/West Compton Area (Map 2 of Exhibit A)

Those unincorporated areas of Los Angeles County lying within the following described boundaries:

Beginning at the intersection of the northerly boundary line of 120th Street with the westerly boundary line of Figueroa Street; thence easterly along the northerly boundary line of 120th Street to the easterly boundary line of Central Avenue; thence southerly along the easterly boundary line of Central Avenue to the southerly boundary line of Alondra Boulevard; thence westerly along the southerly boundary line of Alondra Boulevard to the westerly boundary line of Figueroa Street; thence northerly along the westerly boundary line of Figueroa Street to the point of beginning, as same streets and boundaries existed on May 15, 2004.

SECTION 2. Section 2 of Ordinance No. 85-0101F, as amended, is hereby amended to read as follows:

Section 2. Consideration; Payment of Fees.

A. As consideration for the franchise granted, the Franchisee shall pay annually in arrears, on or before the following April 15, for each year during the life of the franchise, ~~including the year of granting the franchise ("fee payment date"), to the County of Los Angeles, in lawful money of the United States, a franchise fee computed annually ("base annual franchise fee").~~ computed The annual franchise fee shall consist of a "base annual fee" which shall be adjusted annually as provided herein as follows:

(1). For Ppipe of eight (8) inches or less in nominal internal diameter, the base annual fees shall be ~~twelve cents (12 cents)~~ twenty-one (21) cents per linear foot for main lines in highways as of December 31 of the calendar year preceding the applicable fee payment date; and

(2). For Ppipe greater than eight (8) inches in nominal internal diameter, the base annual fee shall be ~~twelve cents (12 cents)~~ twenty-one (21) cents per linear foot for main lines in highways as of December 31 of the calendar year preceding the applicable fee payment date, for the first eight (8) inches of nominal internal diameter, plus ~~two (2 cents)~~ three (3) cents per nominal internal diameter inch for each inch or fraction thereof over eight (8) inches.

3. The amount of ~~each annual payment of~~ the annual franchise fee is to be revised ~~adjusted~~ every year from the effective date of the ordinance granting the franchise, at the time of ~~applicable fee~~ payment is due ~~date~~ in accordance with the following formula:

a. The "~~Wholesale 'Producer' Price Index~~" (~~1967~~1982 = 100) for "All Commodities," established by the United States Bureau of Labor Statistics, Department of Labor, ("~~Bureau~~"), shall be defined as the "index," and such index as it stands on the date the franchise is ~~granted~~ becomes effective, shall be ~~taken~~ defined as the "base index" upon which the above franchise is computed.

b. If ~~said~~ the index for the ~~last calendar month of September~~ ending prior to month in which immediately preceding the fee payment date to the County is due shall stand at other than said differs from the "base index", then the rate of payment

~~to the County shall vary from said "base annual fee" shall increase or decrease by the~~
~~percentage in direct proportion as increase or decrease (if any) between said the index for~~
~~the month of September immediately preceding the fee payment date has increased from~~
~~and the "base index", as hereinabove defined; provided, however, that, in no event shall~~
~~the amount of the annual payment be less than the "base annual fee" as set forth herein if~~
~~the index drops below the base index, no adjustment shall be made. For example, if the~~
~~base index is 200 and the index in September is 210, the annual franchise fee shall be 105~~
~~percent times the base annual fee. If the Bureau shall revise the index, the parties hereto~~
~~shall accept the method of revision or conversion recommended by the Bureau.~~

~~c. If said Bureau shall revise the said Index, the parties hereto~~
~~shall accept the method of revision or conversion recommended by said Bureau.~~

~~dc. If said the Bureau shall discontinues the preparation use of the~~
~~said Index using prices prevailing in the year 1967, 1982 = 100 as at the base of 100 in its~~
~~preparation of the index, and if no transposition table prepared by said the Bureau is~~
~~available, applicable to said the year of 1967 1982, then the amount of each annual~~
~~payment franchise fee shall be computed by reference to such other price index as may be~~
~~chosen by County, and the County shall be the sole judge of comparability of successive~~
~~indices.~~

~~B. In addition to the foregoing annual payment, the Franchisee shall also pay:~~

~~1. Pay The County Road Department of Public Works, within sixty (60)~~
~~days after the end of each calendar year, for each year of the life of the franchise, an initial~~
~~construction charge calculated at a rate of one hundred dollars (\$100.00) per mile or~~

fraction thereof, for all new mains lines laid during ~~the~~that preceding calendar year, ~~during the life of the franchise.~~

2. ~~Pay~~The County Auditor-Controller, within sixty (60) days after the end of each calendar year, for each year during the life of the franchise, an annual fee of twenty-five dollars (\$25.00) per pole-mile or portion thereof, and twenty-five dollars (\$25.00) per mile or portion thereof, for aerial or above-ground lines ~~or~~ underground conduit for wire, cable, telephone or telegraph lines maintained under the franchise. ~~Said fee shall be due within sixty (60) days after the end of each~~ during that preceding calendar year.

C. The County reserves the right to change its method of calculating fees and the amount thereof, not more frequently than once every five (5) years, if the Board of Supervisors ("Board") determines, after a public hearing, that good cause exists for such change, and such action is not in conflict with the laws of the State of California.

D. The Franchisee shall also pay any application, administrative, and processing fees required in connection with this franchise. These fees may be charged at the then-current applicable rates.

SECTION 3. Section 3 of Ordinance No. 85-0101F, as amended, is hereby amended to read as follows:

Section 3. ~~The Franchisee shall:~~Reports.

The Franchisee shall during the life of the franchise:

A. File with the County Auditor-Controller and the Chief Administrative Office ("CAO"), Director of Real Estate, ~~within three (3) months after the expiration of the~~

~~calendar year, or fractional calendar year, following on the fee payment date, of the granting of the franchise and within three (3) months after the expiration of each calendar year thereafter two copies of, with one copy to each, a report, verified by the oath of the Franchisee or by the under oath of by a duly authorized representative of the Franchisee, showing the total gross receipts of the Franchisee as of December 31 of the immediately preceding calendar year ("franchise payment report period"), received or accrued in connection with the furnishing of the commodity or service arising from the use or operation of the Franchisee the length of main lines in highways, the nominal internal diameter of such main lines, the "rate per foot per year" defined as the amount per linear foot per year payable under Section 2.A, and computation of the total amount of the annual franchise fee due to the County, together with such additional data as is necessary in the opinion of the County Auditor-Controller and/or the CAO, Director of Real Estate to calculate or verify the calculation of the annual payment franchise fee as required by Section 2-A, supra, or the pro rata amount thereof for the first period if the first period is less than one year.~~

B. ~~On this~~ In the report prepared pursuant to subsection 3.A above, the Franchisee shall also show: any change in franchise footage since the ~~last~~ end of the most recent prior franchise report period, segregating such footage as to new mains lines laid, old mains lines removed, old mains lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduit laid for wires, cables, telegraph, or telephone lines, old conduit removed, old conduit abandoned in place; the diameter of such conduits laid, removed, and/or

abandoned in place; and the footage and internal diameter of mains lines in territory annexed or incorporated since the last day of the most recent prior franchise report period.

BC. File with the ~~Road Commissioner~~ Director of the County Department of Public Works and the CAO, Director of Real Estate, within the same sixty (60) days after the end of each franchise report period as provided in Section 3-A, supra, with one copy to each, a report in duplicate, showing the permit number of each permit obtained for the installation of new mains lines and conduits during the immediately preceding just completed franchise report period, together with the length and size of said such mains lines and conduits.

SECTION 4. Section 4 of Ordinance No. 85-0101F, as amended, is hereby amended to read as follows:

Section 4. Late Payments.

A. ~~The~~ In the event Franchisee during the life of the franchise shall fails to make annual any of the payments to the County, as provided for herein Section 2-A and B, supra, within fifteen (15) days after the filing of the report required by Section 3-A on or before the dates they are due, the Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the due date. The ten percent (10%) has been set by both parties hereto in recognition of the difficulty in affixing actual damages from a breach of this time of performance requirement.

B. In the event the amount paid is incorrect in the judgement of the Board, it may order the full payment of such additional sum or sums as it may find thereunder, and if not paid, under protest the share may be determined by suit any rate, payment, or fee, including the ten percent (10%) late charge, is not received within ninety (90) days after

the due date, an assessment of interest shall accrue on the unpaid balance at one percent (1%) per month beginning on the ninety-first (91st) day after the due date.

SECTION 5. Section 5 of Ordinance No. 85-0101F, as amended, is hereby amended to read as follows:

~~Section 5. In addition to the terms and conditions herein, this franchise is granted under the same terms and conditions contained in Title 16, Division 3A, Chapter 16.54, of the Los Angeles County Code, "the pipeline franchise ordinance, Part 2", as codified and adopted September 24, 1981, herein called "Ordinance".~~

~~In the event the terms and conditions of this franchise conflict with the terms of said Ordinance, the terms and conditions hereof shall control.~~

Section 5. Indemnification, Insurance, and Bonding.

Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless the County and its special districts, elected and appointed officers, employees, and agents ("County's agents") from and against any and all liability and expense, including claims and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, bodily injury, death, personal injury or property damage, including property of the Franchisee, and including pollution liability, based upon, arising from, or relating to either: (1) Franchisee's operations or the services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's agents") in connection with this franchise; or (2) the acts or

omissions of Franchisee, Franchisee's agents, or any person in connection with activities or work conducted or performed pursuant to this franchise and arising out of such activities or work. Franchisee shall also indemnify, defend, and hold harmless the County and the County's agents, from and against any and all pollution liability, contamination, or environmental degradation liability, including any and all expenses, claims, and lawsuits for injuries or damages of any nature whatsoever, defense costs, legal fees, and workers' compensation benefits, arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance into or upon any person, thing, or place, including the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water, in connection with this franchise. The Franchisee shall not be obligated to indemnify for liability and expense arising from the active negligence of the County and the County's agents.

B. The County shall be immediately notified by Franchisee of all discharge, release, or escape of any petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, waste water, mud, or other substances from Franchisee's pipelines. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and to repair or restore Franchisee's pipelines and appurtenances, shall be the sole responsibility of Franchisee, and shall be conducted by Franchisee or Franchisee's Agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, state, County, or other applicable governmental entity at Franchisee's sole cost and

expense, and shall be immediately undertaken. If Franchisee fails to take any action required pursuant to this section, County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's expense. Upon written demand by County, Franchisee shall reimburse County for all County expenses reasonably incurred in connection with County's actions including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of County, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance shall be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered on or before the effective date of this franchise, and on or before the expiration date of each term of insurance, to the Chief Administrative Office, Real Estate Division, Attn: Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, California 90012, or such other address(es) as Franchisee may be directed in writing by the CAO. Such certificates or other evidence shall:

- a. Specifically identify this franchise ordinance.
- b. Clearly evidence all insurance required in this franchise ordinance.
- c. Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification.

non-renewal, cancellation, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, or termination of any program of workers' compensation, or other insurance required by this Section 5.

d. Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's agents as insureds for all activities arising from this franchise.

e. Show the Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection (d), stating "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A: VII, unless otherwise approved by the County.

4. The Franchisee shall agree to release the County and County's agents and waive its rights of recovery against them under the insurance policies specified in this franchise ordinance.

5. Liability: Such insurance shall be endorsed naming the County of Los Angeles and the County's agents as additional insureds, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG00 01, or its equivalent, unless otherwise approved by the County), with limits of not less than five million dollars (\$5,000,000) per occurrence, fifteen million dollars (\$15,000,000) policy aggregate, and fifteen million dollars (\$15,000,000) products/completed operations aggregate.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

b. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned, non-owned, and hired vehicles with a limit of not less than one million dollars (\$1,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment including cleanup cost endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable state and federal requirements but in no event less than five million dollars (\$5,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination or cancellation of this franchise.

6. Workers' Compensation: A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California. Such policy shall be endorsed to waive subrogation against the County for injury to the Franchisee's employees. If the Franchisee's employees will be engaged in maritime employment, the coverage shall provide the benefits required by the Federal U.S. Longshoreman and Harbor Worker Compensation Act, Jones Act, or any other federal law to which the Franchisee is subject. In all cases, the above insurance shall include Employers Liability insurance with not less than:

- a. Each accident: one million dollars (\$1,000,000).
- b. Disease-policy limit: one million dollars (\$1,000,000).
- c. Disease-each employee: one million dollars (\$1,000,000).

D. Franchisee shall furnish the CAO, Real Estate Division, at the location specified in subsection 5.C.1, within thirty (30) days of the adoption of this ordinance, and the expiration date of each term of insurance, either certified copies of the policies required by subsection 5.C or a certificate of insurance for each of said policies executed by the Franchisee's insurance agent, or by the company issuing the policy, certifying that the policy is in force.

E. As an alternative to commercial insurance from Franchisee, the County may consider and approve, at the County's sole option, Franchisee's use of a program of self-insurance or self-insured retention, upon review and approval of the following:

- 1. An agreement to provide the County and the County's agents with indemnification in accordance with subsections 5.A and 5.B. The County shall be provided

at least the same defense of suits and payments of claims as would be provided by the first dollar of commercial insurance.

2. A formal declaration by Franchisee to be self-insured for the type and amount of coverage indicated in this ordinance. This can be in the form of a corporate resolution or a certified statement from an authorized principal of the Franchisee. Franchisee must notify the CAO Real Estate Division, at the location specified in subsection 5.C.1 immediately of discontinuation or substantial change in the self-insurance or self-insured retention program.

3. An agreement to notify the CAO immediately of any claim, judgment, settlement, award, verdict, or change in Franchisee's financial condition which would have a significant negative effect on the protection that the self-insurance or self-insured retention program provides to the County.

4. The name, address, and telephone number of Franchisee's legal counsel and claim representative, respectively, for the self-insurance or self-insured retention program.

5. Upon request by CAO, an audited financial statement that gives evidence of Franchisee's capacity to respond to claims falling within the self-insurance or self-retention program. Resubmission of such a statement may be required annually for the duration of the franchise, or more frequently at the request of the CAO.

6. A Certificate of Consent to Self-Insure issued by the State of California, Department of Industrial Relations certifying Franchisee's compliance with the requirements of the Director of Industrial Relations under the provisions of the Labor Code of the State of California (sections 3700 to 3705, inclusive), and certifying Franchisee has furnished satisfactory proof to said Director of Franchisee's ability to self-insure and to pay any compensation that may become due to Franchisee's employees.

7. Failure on the part of the Franchisee to comply with the County's requirements for approval of a program of self-insurance or self-insured retention will result in withdrawal of the County's approval to self-insure.

F. Within thirty (30) days after the adoption of this ordinance, Franchisee shall provide to the CAO, at the location specified in subsection 5.C.1 a faithful performance bond in the sum of not less than fifty thousand dollars (\$50,000) payable to the County of Los Angeles and executed by a corporate surety, acceptable to the County and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by the Franchisee of the terms and conditions of this franchise and shall provide that, in case of any breach of condition of this franchise, the whole amount of the penal sum, or any portion thereof, shall be deemed to be liquidated damages, and shall be payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond

as provided in this section, Franchisee shall restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the CAO's approval of any sale, transfer, assignment, or other change of ownership of the franchise, or of the expiration or termination of the franchise. The CAO may release said bond prior to the end of the one (1) year period upon satisfaction by Franchisee of all the obligations under the franchise.

3. At its sole option, the County may accept certificates of deposit, cash deposits, irrevocable letters of credit, or U.S. government securities in lieu of or in addition to commercial bonds to meet the above bonding requirements. Such alternative security shall be made payable to the County, and shall be deposited with the County's Auditor-Controller and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and adjustment by the County, at County's sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee agrees to obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) as determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commerce until Franchisee has complied with the provisions of this Section 5, and any operations shall be suspended during any period that Franchisee fails to maintain the insurance and bonding required hereunder.

SECTION 6. Section 6 is hereby added to Ordinance No. 85-0101f, as amended, to read as follows:

Section 6. Transfers and Assignments.

A. Franchisee shall not sell, transfer, assign, lease, hypothecate, place in trust, or change the control of the franchise or any part thereof (each of which is hereinafter referred to as an "assignment") to any other person or entity ("transferee"), except with the written consent of the CAO, and after payment of a transfer fee as detailed in subsection 6.G. As used in this section, "transfer" includes stock transfer and "control" includes actual working control in whatever manner exercised.

B. Franchisee shall give notice to the CAO of any pending assignment, except as excluded in subsection 6.E, and shall provide all documents requested by the CAO, as set forth in subsection 6.F, on which the assignment is predicated. Consent to any such assignment shall only be refused if the CAO finds that Franchisee is in noncompliance with the terms and conditions of the franchise and/or that the proposed transferee, as applicable, is lacking in experience and/or financial ability to meet the franchise obligations. Consent from the CAO shall be conditioned upon the consummation of the assignment on the terms and conditions set forth in the assignment documents delivered

to County, the assumption by transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided CAO under Section 6F, below, being true and correct as of the time of the consummation of the assignment. Upon receipt of such consent from the CAO, Franchisee may proceed to consummate the assignment.

C. Franchisee shall file with the CAO, within thirty (30) days after the effective date of any assignment, a certified copy of the duly executed instrument(s) which officially evidences such assignment. If such duly executed instrument(s) is not filed with the CAO within thirty (30) days after the effective date of such assignment, or if the conditions to consent by the CAO have not been met, then the CAO may notify the Franchisee and the proposed transferee that the assignment is not deemed approved by the County. The CAO may then administratively determine that the assignment has no force or effect or that the franchise is forfeited and the Board may repeal this franchise.

D. As a condition to the granting of consent to such assignment, the Board may impose such additional terms and conditions upon this franchise, and upon the proposed transferee which the CAO recommends or the Board deems to be in the public interest. Such additional terms and conditions shall be expressed by ordinance. Nothing contained herein shall be construed to grant Franchisee the right to complete an assignment except in the manner aforesaid. This section applies to any assignment, whether by operation of law, by voluntary act of Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or

divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, divestment, or other change is effected in such a way as to give control of, or a twenty-five percent (25%) or more interest in, Franchisee, to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in the Franchisee on the effective date of the franchise or on the effective date of the last approved assignment, consent thereof shall be required as otherwise provided in this Section 6.

F. Upon notice by Franchisee of any pending assignment, the proposed transferee shall submit an assignment application to the CAO, which shall contain, but is not limited to:

1. Identification of the proposed transferee which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, operating agreements), and the names and addresses of any parent or subsidiary of the proposed transferee(s), or any other business entity owning or controlling the proposed transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant demonstrating conclusively to the satisfaction of the CAO that the proposed transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, profit and loss statement for at least the three (3) most recent years, and a statement of

changes in financial position; however, if the proposed transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation which details the pending assignment ("assignment documents").

4. Other information which may be required by the CAO to assess the capability of the proposed transferee to operate and maintain the franchise.

G. A transfer fee shall be submitted with the Franchisee's request for the County's consent to any assignment described in subsection 6.A and shall be determined as follows:

1. Consent to assignment, or any other action, in which the County does not elect to modify the franchise by adoption of an amending ordinance: one thousand dollars (\$1,000).

2. Consent to assignment or other action, in which the County elects to modify the franchise by adoption of an amending ordinance: two thousand five hundred dollars (\$2,500).

3. In the event County's actual costs to process the proposed assignment application, including any consultant's fees incurred by the County to assist in evaluating the application, exceed the fees detailed above, the Franchisee and proposed transferee may be required to pay any additional costs incurred by the County in processing the Franchisee's and/or proposed transferee's request for assignment. Such costs shall be paid by the Franchisee and the proposed transferee prior to final consideration of the request by the CAO or the Board, as applicable.

SECTION 7. Section 7 is hereby added to Ordinance No. 85-0101F, as amended, to read as follows:

Section 7. Relocation of Pipelines.

In the event the Franchisee receives notice to relocate its pipelines and appurtenances pursuant to Section 16.52.290 of the County Code, in addition to all obligations of Franchisee and rights of the County under Sections 16.38.450 and 16.52.290 of the County Code, if Franchisee neglects or fails to relocate its facilities in a timely manner after receipt of any such notice, Franchisee shall be responsible for, and shall reimburse the County, city, or other public entity, any and all additional costs or expenses incurred by the County, city, or other public entity due to, or resulting from, such delay in relocation of the facilities.

SECTION 8. Section 8 is hereby added to Ordinance No. 85-0101F, as amended, to read as follows:

Section 8. Pipeline Franchise Ordinance.

In addition to the terms and conditions stated herein, this franchise is granted under all of the terms and conditions contained in the County Pipeline Franchise Ordinance, Part 2, Title 16, Division 3A, of the Los Angeles County Code, as codified in 1978 and amended to date, which is incorporated herein by reference, as it may hereafter be amended. In the event the terms and conditions of this franchise conflict with the terms of the County Pipeline Franchise Ordinance, the terms and conditions hereof shall control. Without limiting the generality of the foregoing, Sections 16.52.020H, 16.52.100, 16.52.110,

16.52.120, 16.52.140, 16.52.220, 16.54.060, 16.54.070, 16.54.080 and 16.54.090 are superseded by this franchise granting ordinance.

[PowerRunOilKFCOC]